Directorate of Intelligence
13 November 1991

The Prospects for Destabilization in the Former USSR (U)

Summary

The level of instability in the former USSR is already high and rising. The Russian leadership realizes that its economic reform program will further increase instability in the near term, but judges that this calculated risk is unavoidable and counts on some social "stabilizers" that do exist. Yet inflation, food shortages, and unemployment are almost certain in some areas to create conditions felt by those affected to be intolerable. There will be strikes, serious ethnic minority confrontation in the Russian Republic, and probably incidents of mutiny by armed force units. [redacted]

The interactive, compound effects of these individual sources of instability are impossible to assess. Contingent developments--removal of Yel'tsin from office, rapid collapse of the military, and failure of the Russian government to uphold price decontrol and enforce budgetary austerity--would significantly increase the prospects for serious destabilization, severely threatening the interests of democratic forces in the former USSR and those of the West. [redacted]

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This memorandum was prepared by [redacted] *Office of Soviet Analysis, with contributions or assistance from other analysts in the Office of Soviet Analysis. Comments and queries are welcome and may be directed to the Chief,* [redacted]

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Systemic Succession

A process of systemic succession is now underway in the former USSR. The old Center has collapsed and power has basically shifted to the republics. Whatever the outcome of this process, Russia will remain engaged with the other republics in one fashion or another. The possible patterns of engagement include: (a) some combination of bilateral ties and ties mediated through Center-successor coordinating bodies that incorporate a weighted Russian vote; (b) bilateral ties that reflect Russia's one-on-one bargaining strength; or (c) bilateral ties supplemented by entirely new joint arrangements organized by Russia on terms acceptable to it. The common denominator in each of these variants is Russian insistence on proportionality of influence. At the moment, there is still some chance of the first pattern surviving; but economic and political dynamics are pressing strongly toward bilateralism based on the juridical independence of all republics. [redacted]

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This process of systemic succession is already marked by substantial instability, and there is every reason to believe that instability will increase. A key question is whether instability will exceed certain threshholds and fundamentally jeopardize the present character of this process of change. To avoid doing so, this process and its results must basically remain:

- **Genuinely marketizing:** there should be no fundamental postponement or reversal of economic reform.
- **Peaceful:** there should be no broad resort to violence to settle problems within major republics (Russia, Belorussia, Ukraine, Kazakhstan), no serious use of force to settle conflicts among them, and no prolonged, extensive anarchy in them.
- **Democratic and consonant with the rule of law:** there should be no serious reversal of the political progress already achieved in Russia and Ukraine toward majority rule and protection of minority rights.
- **Compatible with national self-determination:** there should not be subjugation of ethnic minorities within the major republics, nor coercion of one of the other republics by Russia in ways that fundamentally violate the will to independence of the majority of that republic's "native" population.
- **Security-enhancing:** there should be no developments that radically increase the insecurity of the population in any of the major republics, that threaten the immediate security of individual republics, or that jeopardize vital international security interests.

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These are the criteria applied below in judging the seriousness of prospective instability. [redacted]

The Sources of Destabilization

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Economic Stringencies. Economic difficulties will stimulate popular unrest, generate mass demonstrations and strikes (probably in such strategic sectors as energy production), undercut the welfare of strategic groups, and intensify political conflict in ways that push instability at the very least close to all the threshholds sketched above. [redacted]

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We are already seeing evidence of acute **food problems** in some cities. Reduced agricultural production this year, falling government food reserves, and increasing distribution problems will result without question in severe localized food shortages. The low level of state grain procurements will constrain both bread production and livestock output. There will be further reductions in meat production, a substantial decline in bread quality, and increased rationing of flour, bread, and other grain products. Within Russia, consumers in Moscow, St. Petersburg, the industrial cities of the Urals, and remote areas of the republic are most at risk of reductions in access to food. Outside Russia, shortages will be most severe in Central Asia and the Transcaucasus. Yel'tsin is trying to create a reserve food fund with which to cope with immediate crises. Over the next year his hope for delivering on his promise to improve the food supply depends heavily on freeing prices for food, eliminating bottlenecks in processing and distribution, and on rapidly accelerating the privatization of farming this winter. [redacted]

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Fuel supplies for **heating** are not likely overall to create major problems in Russia, apart--perhaps--from the Maritime region and the North Caucasus. Some households in many cities, however, will suffer from outages of heat as the result of breakdowns in highly centralized and worn out urban heating systems. Outside Russia, republics that will be hardest hit include Belorussia, Moldova, Armenia, and Georgia. [redacted]

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Any estimate of **inflation** over the next six months must be highly speculative. Prices paid for consumer goods sold in Russia have more than doubled over the past year. The price liberalization suggested by Yel'tsin's plan would probably result in an immediate doubling or trebbling of prices on top of the existing inflation--and some of his critics have warned of price increases several times larger than that. In order to moderate the growth of prices, Yel'tsin will have to follow through on plans to eliminate the budget deficit and tighten credit. [redacted]

Estimates of the number of those already **unemployed** or likely soon to be unemployed vary widely. Our very rough projections suggest that up to 14 million workers, nearly 20 percent of Russia's labor force, could lose their jobs due to reductions in the miltary, cuts in defense production, and improved enterprise efficiency over the next couple of years. The localized impact of unemployment will be acute, especially in Moscow, St. Petersburg, and the Urals. For example, the Deputy Mayor of Moscow, Yuriy Luzhkov, has recently warned that 400,000 to 500,000 of the 2 million employees of the Moscow defense complex could be out of work in the near future. Yel'tsin is optimistic that rapid growth in the private services and consumer industry sectors will absorb idled workers, but this will require a considerable improvement in labor mobility. In the meantime, stability will depend on supporting the standard of living of the unemployed until new jobs are found--a problem Yel'tsin has not adequately addressed. [redacted]

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Market reforms will lead to greater **income inequalities.** Black marketeering and the "Mafia" are on the rise, as well as legitimate private enterprise. there is much popular hostility toward entrepreneurs and profit, and impassioned calls for confiscatory taxation and other impediments to business will increase. Whether republic and local governments will manage to generate minimally acceptable social insurance in the form of rationing, salary increases for those on fixed incomes (including the military), pension adjustments, and distribution in kind to the needy which can sufficiently blunt "populism" without destroying reform, is highly uncertain. [redacted]

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Ethnic Conflict. Russian leaders have seen the struggle for independence by individual ethnic minority groups in the Russian Republic as a critical potential source of destabilization, and have striven to buttress the political integrity of the RSFSR. While most of the ethnic minorities are too small, too dependent on Russia, too low a percentage of the population in their own "autonomous" administrative units, or too geographically isolated to have that much impact on the main dimensions of systemic succession, the Chechen-Ingush crisis illustrates the many ways in which the "second order" as well as direct effects of militant ethnic self-assertion can promote destabilization. Here, violence in one autonomous entity threatens to spread to neighboring regions, and elicits support from minority entities still further afield. Other union republics--such as Georgia in this case--become engaged. Intensification of the conflict leads to talk of terrorism against Russia--including talk of attacks on nuclear power plants. The unsuccessful resort by the Russian leadership to force has probably damaged morale in the MVD, driven a wedge between this leadership and its base of support among democrats, produced splits within the Russian government, possibly weakened Yel'tsin politically, and encouraged the traditionalist opposition. These effects would probably be substantially greater if a similar situation were to occur in the more strategically located and economically important

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Tatar Republic. The dramatic failure of Russian policy in Chechen-Ingushetiya, and the deepening economic and social crisis throughout Russia, make drives for autonomy and independence by ethnic minorities more likely. [redacted]

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Russo-Ukrainian relations constitute a key axis of potential destabilization in the former USSR. At the moment, following the 30 October meeting in Kiev between Russian and Ukrainian delegations and the 6 November signature by Yel'tsin and Kravchuk of an economic and security agreement, the prospects for a peaceful evolution of these relations do not look bad. The agreements reached confirm earlier Russian acceptance of existing borders, protect minority rights, commit both sides to maintain deliveries of essential goods, acknowledge Ukraine's right to form its own army, require cooperation on security issues, and express Ukrainian acceptance of shared control with the Center of nuclear weapons. [redacted]

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After the 1 December referendum the most likely scenario, we believe, is the path of weak "commonwealth": no Ukrainian membership in any political union; loose economic association between Ukraine and Russia; an independent Ukrainian military encompassing ground, air and naval forces--although substantially smaller than the 450,000-man force spoken of earlier; and interrepublic control over nuclear weapons with a Ukrainian veto over use of such weapons deployed on Ukrainian territory, under the umbrella of some kind of security agreement between Russia and Ukraine. [redacted]

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Nevertheless, the road ahead is likely to be rocky, and possibly destabilizing. Both sides are highly suspicious of the intentions of the other. When the Ukraine moves to authenticate its independence after 1 December, pressures will mount on Yel'tsin to seek further assurances about the rights of Russians in Ukraine and reasonable Russian access to Black Sea ports. If there is a large vote in the Crimea against independence this could--in the view of many Russian observers--excite serious annexationist passions in Russia; at present, however, it appears the referendum will pass even in the Crimea. [redacted]

Ukraine's claim of authority over central miltary forces stationed there is still likely to engender conflict. A Ukrainian army will present Russia and central defense leaders with difficult choices about whether to negotiate with Kiev the turnover of military equipment currently belonging to central forces--and what kinds. Both Kiev and Moscow have incentives to reach agreement on such a transfer, but Russia will not want to abet creation of a

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major military power on its border. And reservations here will be heightened if recently papered-over differences over the control of nuclear weapons reemerge--which is likely to happen once the republics begin to participate in collective decisions about the disposition of these weapons. [redacted]

Loss of Physical Control. Brave attempts are being made by Defense Minister Shaposhnikov and the USSR State Council to protect the unity of the armed forces and at least retard the formation of major independent republic forces. Yel'tsin has supported this effort, and has also apparently

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tried to provide some assurances to the union Ministry of Defense on funding (although where next year's budget will come from is uncertain). Nevertheless, the Soviet military is now adrift in a sea of shortages--housing, food, clothing, fuel and other basic goods and services. [redacted] many soldiers in the Baltic states have not been paid for several months because of currency shortages and budget problems, and that this situation is replicated in large

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areas of the country. Military discipline is weakening, with some units refusing to obey orders, black marketeering of equipment is widespread, and ethnic conflict is rising and spreading to the officer corps. Great uncertainty about their own career future intensifies the climate of fear and anxiety among Soviet officers. [redacted]

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Within the past month serious Soviet observers [redacted] have warned, partly perhaps to elicit aid from the US, of a danger that hundreds of thousands of hungry and homeless officers could support a new coup attempt, and that disintegration of the Soviet armed forces could lead to major inter-republic ethnic and territorial wars. Our judgment is that disintegration of the armed forces is in fact already widespread, has entered a qualitatively new phase since the failure of the August putsch attempt, and will accelerate over the next year. What remains subject to debate is whether the breakup of the military can be managed by the republics in an orderly manner or whether it will be rapid and possibly lead to violence. [redacted]

Containing and extinguishing outbreaks of mass violence generated by economic deprivation and ethnic grievances will depend, first of all, on central and republic MVD forces. The relevant units here consist of about 70,000 Operational Troops, which will be retained by the Center if a recent agreement with the republics holds (as the core of a rapid action interrepublic peacekeeping force), but whose subordination to the Russian government has been demanded by an RSFSR Supreme Soviet Presidium resolution of 9 November; 40-50,000 paramilitary Special Police that may

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soon be subordinate to the republics; and some 35 OMON units, which are already mostly subordinate to local police authorities. While many of its units are mobile, the Special Police are spread across the country and will be subject to service only in their own republic. [redacted]

In the recent Chechen-Ingush case, the decision to send operational troops from the crack Moscow-based MVD Dzerzhinskiy Division to the region was taken jointly by Russia leaders and the USSR MVD--"with the agreement of the country's President." Based on press reports it appears that the decision to remove the troops was taken by the USSR Deputy Commander of Internal Troops, in consultation with Yel'tsin's representative in Chechen-Ingushetiya and other MVD officials on the ground there, with USSR

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Minister of the Interior Barranikov's approval, and probably with Gorbachev's as well. The affair illustrates how dependent Yel'tsin still is on central forces to cope with civil unrest on Russian territory. The employment of operational troops in non-Russian republics to cope with ethnic conflicts would probably require agreement by both the Russian Republic and the republic involved--if not by other republics represented in the USSR State Council or the interrepublic Council of Ministers of Internal Affairs. [redacted]

The capabilities of the forces enumerated above to deal with more than several crises at a time are clearly limited. In the past, MVD forces have often proved unable to handle even a single crisis without backstopping by military airborne and regular troops. Since the coup attempt, military leaders have emphasized repeatedly their aversion to use of the army to put

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down civilian disorders. While this role is probably still feasible as a last resort, fear of further splitting the army will probably severely restrain both military and civilian leaders from introducing it in such situations, and this will place still more responsibilty on an MVD whose capacity is probably less now than it was before August. The MVD's predicament in Chechen-Ingushetiya illustrates the problem: too little, and too late--presenting a no-win situation. [redacted]

Political Paralysis. The outbreak of squabbling, personal animosities, and policy differences that occurred during Yel'tsin's fall absence pointed up the danger of division and deadlock in the Russian leadership. However, Yel'tsin's return to Moscow in early October and his vigorous reassertion of political will appeared to restore unity. By gaining approval from the Russian Congress of People's Deputies for new executive powers and the postponement of local elections, by assuming the premiership himself of a streamlined Russian government, and by getting political support for his reform program from a diverse bloc of democratic parties and movements, he improved the chances of conducting a serious economic reform policy and overcoming traditionalist and other opposition. Yet the fallout from his

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handling of the Chechen-Ingush crisis days later suggested how fragile his domination of the situation may be. His inability to win Supreme Soviet support for his state of emergency decree demonstrated the largely personal basis of his power and absence of a foundation for it in party discipline. The episode indicates how necessary it will be for Yel'tsin to mobilize political support for economic reform measures he pursues despite the edge he has acquired with decree powers. [redacted]

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The reforms Yel'tsin must seek to implement will encounter huge resistance and inertia. The presidential structure of power he has constructed should make it easier to move forward at least in some areas of implementation, especially those primarily dependent on the adoption of **decisions**--as in the monetary and price fields. In areas that depend on grass roots action, however, implementation will be far more problematic despite the presence of appointed "heads of adminstration" and Presidential representatives. A key test will be Yel'tsin's ability to overcome resistance by local rural power elites to agricultural privatization, on which--along with improving distribution and processing--rides the prospect of a quick improvement in food availability. There is little reason for optimism that this resistance will easily be overcome. [redacted]

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Those Soviet observers are probably correct who point to the provinces rather than Moscow as the locus of a possible new attempt at authoritarian restoration, based on a confluence of public disorder, extremist political leadership, and military revolt. We have no way of measuring this danger.

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Further Destabilizing Contingencies

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Yel'tsin Vacates the Russian Presidency. Although the specific effects of the removal of Yel'tsin from the scene would depend greatly on the circumstances in which this occurred, such a contingency would probably increase the chance of Russia "going it alone," increase the likelihood that popular national feelings would focus on leaders less committed to democratic reform than Yel'tsin, reduce the capacity of the Russian government to act in a united fashion, significantly reduce the prospects for implementing successful economic reform, increase the likelihood of popular unrest, and diminish the chances for political settlement of ethnic issues both within the RSFSR and between it and other republics. In short, it would seriously heighten instability and represent a grave threat to orderly systemic succession. [redacted]

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Gorbachev Vacates the USSR Presidency. The departure of Gorbachev, however it occurred, would probably spell the end of any quasi-autonomous central component as an element in systemic succession. At least some members of the State Council would be unwilling to accept Yel'tin or another Russian nominee as Gorbachev's successor, even assuming the Russians themselves wanted this; and the Russian leadership at this point might well decide the time had come to abandon multilateralism altogether. Gorbachev's departure would starkly pose the issue of ultimate command of the Soviet armed forces, including nuclear release. [redacted]

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Abandonment of Multilateralism by Russia. Despite his strong recent positioning of Russia to assume the mantle of formal successor state to the USSR, Yel'tsin has not taken this fateful step. From his standpoint, there have been good reasons not to do so. Such a move, he probably calculates, would fracture the armed forces, increase economic supply problems at a critical moment (including food deliveries), intensify Russian minority difficulties in the non-Russian republics and possibly produce a flood of new refugees back to the RSFSR, stimulate hard-line Russian nationalist counter-pressures in Russia, encourage the other republics to seek undesirable foreign policy alignments, and reduce the flow of Western aid. [redacted]

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However, security and economic pressures could force the Russian leadership to take actions that would amount to such a "declaration of independence." If the military seemed on the verge of collapse or revolt, direct assumption of control by Russia could provide a critical command authority and political reassurance. In the event of runaway inflation, the institution of separate currencies in other republics, or unrestrained imposition of interrepublic trade barriers, the Russian leadership might also feel compelled to follow through on its threats to act as an independent state. [redacted]

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If the Russian leadership did in effect declare Russia to be the successor state, this would both decrease and increase stability. On the one hand, it would probably have at least some of the effects Yel'tsin must fear, particularly over the short run. It would reinforce autarky, place Russian minorities at greater risk, accelerate the creation of republic armies, sharpen the dilemma of control over nuclear weapons, stimulate alliances between Ukraine and Central Europe and between the Muslim republics and their Islamic neighbors which Russia would see as potentially threatening, and perhaps diminish Western aid. But, on the other hand, adoption of this posture could create an environment more conducive in fact to marketization in Russia; and within a short period it would stimulate the search by other republics for serious bilateral economic and security ties with Russia. [redacted]

"Repatriation" of Nuclear Weapons. Central military leaders have strong incentives to bring all tactical nuclear weapons back to Russia, where many warheads are likely to be dismantled. [redacted]

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Rapid Collapse of the Military. Runaway inflation, decimation of the military budget, mass reductions in the officer corps, the decay of military discipline, possible breakdown of conscription in the Russian Republic, an unleashing of political conflict in the officer corps, and the basically ethnic split among officers now evident in Ukraine could all, in some combination, turn gradual disintegration into rapid collapse. There is a clear and present danger of this contingency. Were such a collapse to occur, it could lead to a struggle among armed groups for control of nuclear weapons, seizure by military units of food and housing, and even warlordism. [redacted]

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Economic Disasters. A number of contingent developments could cause the economic situation to get much worse than the baseline projection offered above. When Yel'tsin introduces his reform measures, enormous pressures will be brought to bear on his government to restore price controls and retreat from budgetary austerity. If the Russian government gives in, this failure of political will could precipitate hyperinflation--increases of at least 50 percent per month over an extended period--with a devastating impact on those on fixed incomes, including military personnel. If Yel'tsin retreats from price decontrol, this will also produce a further breakdown in the supply system. The greatest danger here is that farmers will not only not bring their crops to market, but also scale back plantings of new crops next spring. [redacted]

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Imports could fall sharply in the next six months if Western governments stop providing credits or exports fall dramatically. The first could happen if the republics do not agree on a mechanism to pay the union's debts and a default occurs. Exports could also drop suddenly if labor unrest in the oil

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fields becomes a problem, if rail strikes occur, or if interrepublic disputes arrest deliveries to ports. In the absence of Western credits, any reduction in hard currency earnings would force a comparable cut in imports. Soviet officials probably would be able to maintain imports of highest priority such as food, but only by further cutting purchases of intermediate and manufactured goods, thereby undermining industrial production. [redacted]

Conclusions

This paper necessarily has focused on sources of tension, conflict, and violence. To balance this perspective, it must be emphasized that there are stabilizers in the situation, there are things that may go right, and there are adverse contingencies that may not occur. Yel'tsin still enjoys a relatively high, if declining, level of popular support--and in key areas such as Moscow, St. Petersburg, and the Urals, where the "objective" sources of instability are likely to be especially powerful. The Russian population still exhibits remarkable endurance. There is no evidence yet of any groundswell of

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public support for extremist nationalist chauvinism in Russia or the other main republics. Yel'tsin himself may survive, and persevere with reform (there is little room for retreat now anyway). The growth in commodity exchanges, joint ventures, and other forms of private enterprise may accelerate once political muscle is seen to weigh in on their side. And it is quite possible that if prices are freed, more goods and even more food may come on the market in 1992. There is certainly room to negotiate compromises in ethnic conflicts both within the RSFSR and between it and the other major republics. [redacted]

Nevertheless, the prospects for major instability occurring soon are high indeed. Inflation will severely strike much of the population, with devastating consequences for some groups. Food shortages and unemployment, however "localized" they may be, are almost certain in some areas to create conditions felt by those affected to be intolerable. There will

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be strikes, and probably in those sectors most threatening to social stability such as energy production. Some incidents of mutiny by armed forces units now appear to be a strong probability. There is a high likelihood that conflicts over minority ethnic demands in the Russian Republic will escalate, and a good chance that the assertion of independence by Ukraine will intensify Russian minority problems there. Conditions are likely to be even worse outside the major republics. [redacted]

Moreover, a number of contingent developments could significantly increase the prospects for serious destabilization. The most important of these are removal of Yel'tsin from office (whatever the scenario), rapid collapse of the military, and failure of the Russian government in the crunch to uphold price decontrol and enforce budgetary austerity. Removal of Gorbachev from the

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USSR Presidency could have destabilizing consequences by eliminating any Center forthwith and putting command and control of the military up for grabs. Abandonment of multilateralism by the Russian government and a declaration that Russia was the successor state to the USSR would have a strongly mixed impact. [redacted]